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DEPARTMENT FOR ISN/CTR

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SUBJECT: ISTC Governing Board Meeting in Moscow

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¶1. (SBU) SUMMARY: At the International Science and Technology Center (ISTC) Coordinating Committee (CC) and Governing Board (GB) meetings held December 3-5, the Russians lamented what, in their view, is a lack of genuine partnership at the ISTC and the neglect of Russia's rights and privileges under the agreement establishing ISTC. The United States supported the need for the Russians to have full transparency into the workings of the ISTC, and joined the consensus that Russian privileges should be respected and these issues resolved. The parties also approved the EU nominee to the Executive Director (ED) position, once Russia has concluded its internal approval by no later than January 1, 2008. The United States informed other parties of our selection for Chief Financial Officer, but the Russians privately registered their opposition to the U.S. nominee. The parties agreed to hold a U.S.-hosted working group in February to try to make progress on the issue of Russia's concerns that Georgia is unfairly benefiting from dual membership in both the ISTC and the Science Technology Center in Ukraine (STCU). In a move forward in the ISTC's transformation, the parties agreed to launch a new pilot program to make science and technology institutes financially self-sustaining. END SUMMARY.

¶2. (SBU) Executive Director Nomination: The Russian delegation expressed deep concern over the letter sent to the parties from the ISTC Governing Board Chairman, which had extended ED Norbert Jousten's term to December 31, 2007. In Russia's view, the ED should not have been extended without Russia's explicit approval, whereas the Chairman had acted in the absence of a Russian objection. The Russians indicated they are favorably disposed towards the EU's nomination of ED candidate Adriaan van der Meer and will send formal approval by January 1, 2008.

¶3. (SBU) Georgia's Dual Membership: The GB agreed to establish a small working group of the funding parties, Russia, and Georgia in February 2008 before the next Governing Board meeting to discuss further the issue of Russia's concerns with Georgia's membership in both the ISTC and the STCU.

¶4. (SBU) Host Government Concurrence (HGC): The funding parties raised the issue of Russian not providing HGC on new project

proposals since August 2007. Russia said it would not be able to provide HGC until an ISTC interagency coordination council was created, which required a signed order from President Putin. The Governing board agreed that host states needed to accelerate their process of concurring with projects.

¶15. (SBU) Chief Financial Officer (CFO) Position: Russia pushed back on the U.S. nomination for the CFO position. The Russians expressed frustration at not having transparency into the finances at the ISTC and the repeated refusal of the incumbent to support Russian proposals for an audit of the ISTC by a Russian auditor. The United States indicated its support for the Russians to regain full transparency into all the ISTC's finances in its role as the host state, as specified in the ISTC's founding documents. The Russians asked that the United States consider its concerns as it filled this vacancy.

¶16. (SBU) Sustainability Pilot Program: The GB approved a list of nine institutes for the first round of the ISTC's new effort to work with institutes in creating self-sustainability plans. The parties also provided substantial new funding for this effort and agreed to hire staff, begin new accounting procedures, and eventually make organizational changes.

¶17. (SBU) Institute Access: The ISTC held a useful Access Working Group meeting to address the concerns raised by several sensitive Russian institutes experiencing a large volume of visits from ISTC staff, funding parties and international collaborators. The meeting fostered a productive discussion of how to provide access to these facilities consistent with Russian laws. Russia said that until an order on the ISTC was signed by President Putin, it could not provide further information about the specific number of days of advance notice that would be required for site access requests to sensitive Russian institutes. The United States expressed willingness to revisit the rules on site access requests in order to address Russian concerns.

¶18. (SBU) Programmatic Approach: The GB approved five basic areas for scientific research projects, but agreed to change the process in the future from one driven by the ISTC's scientific advisors to one determined by the parties, taking special account of the science and technology needs of the host states.

¶19. (SBU) International Audit Tender: After the EU and Russia expressed concerns over the criteria behind the choice for the ISTC's international auditor, the GB decided to re-tender the contract and add new selection criteria placing more weight on companies who do not currently hold the contract.

¶110. (SBU) U.S. Budget Contributions: The U.S. Department of State committed over three million dollars for the ISTC Administrative Operative Budget (\$400,000 of this amount was contributed by the Department of Energy) and \$2,360,000 for the Supplemental Budget.

¶111. (SBU) Project Funding: The U.S. Department of State committed \$204,000 in regular project funding (\$114,000 to Regular Project #3799 and \$90,000 to Regular Project #3515).

¶112. (SBU) Next GB Meeting: The next GB meeting will be held in Dushanbe, Tajikistan on April 10, 2008.

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